



## OFFICE OF POLICY AND MANAGEMENT GUIDANCE

### Executive Orders 7S and 7W Tax Deferral/Low Interest Program FAQ

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**Question #1:** How are Towns to notify the taxpayers of the relief program that has been adopted?

**Answer:** The Tax Collector and leadership must set up a program that works for their municipality. Some options could be posting to the municipal website, article in the town newspaper or press release, email blasts, flyers, social media, reverse 9-1-1 calls to taxpayers, and inserts in the June billing statements (if mailed out early enough, since the application deadline is July 1st)

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**Question #2:** How and when does the town collect the forms from taxpayers and/or landlords?

**Answer:** The Tax Collector and leadership must set up a procedure that works for their municipality. Some options could be using email, postal mail, drop offs, etc.

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**Question #3:** Is there a deadline for filing the form?

**Answer:** Yes, they must be filed no later than July 1, 2020

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**Question #4:** Interest Program: 3-Part Scenario:

Part 1) Taxpayer billed \$1,000.00 on 7/1/19 and they paid \$200.00 on 4/15 (13.5% interest from July 2019-March 2020 at 1.5% interest per month; April 2020 interest .25%) The back interest must be paid first so -\$135.00 (13.5% of \$1,000.00). Leaving \$65.00 to go toward the .25% interest and then the tax balance, \$65.00 - \$2.50 (.25% interest of \$1,000.00) = \$62.50. This \$62.50 will come off the tax balance leaving a total due of \$937.50 in tax.

**Answer:** Correct!

Part 2) Then if they pay another \$200.00 in May, they will pay \$2.34 in interest (.25% of \$937.50; all back interest is paid first so only May interest is due) and the rest would go toward the tax balance.

**Answer:** Correct!

Part 3) After 7/1/2020, the remaining balance is left on the tax, say it is \$500.00, does it get 1.25% interest for the April, May, and June (3.75%) added back on?

**Answer:** No. According to this example, they paid all the interest accrued through May 31st and if they made a June payment it would have been at .25%. On July 1st, interest is charged at 1.5% from July 1<sup>st</sup> and should be applied to the \$500.00 balance. The Executive Order states interest reverts to the 1.5% per month on any balance after the three months as if the interest incentive program never existed.

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**Question #5:** Under the tax deferment option, if a mortgagor who pays their taxes via bank escrow does not have enough balance on July 1 to pay the full amount, will the bank pay the municipality the full amount on their behalf? Or, will the bank short pay whatever is in the escrow balance?

**Answer:** Good question! The escrow agents are still expected to remit tax payments according to the regular timetable. The Executive Order excludes escrow agents from the extended grace period. Tax payments remitted by escrow agents will continue to be subject to 1.5% per month interest from the due date if not timely made.

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**Question #6:** Will the state be posting the application on its website, or is it strictly in the hands of the municipalities?

**Answer:** The application was distributed to all CEO's, Tax Collectors and through CTx on April 6, 2020. Additionally, an updated version and fillable version was sent out April 14, 2020. They are also located on the OPM website <https://portal.ct.gov/OPM/IGPP-MAIN/IGPP-Home-Page> under the "News and Updates" Section along with the most up-to-date Guidance and Frequently Asked Questions documents.

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**Question #7:** Will OPM issue a fillable form we can load on our website?

**Answer:** Yes, this form has already been completed. It was emailed from CTx on the Email Tree on April 13th. The newest versions of each application can be found at <https://portal.ct.gov/OPM/IGPP-MAIN/IGPP-Home-Page> and scroll down to the "News and Updates" Section for the most up-to-date forms, and Frequently Asked Questions document. Any changes to the document will be distributed through CTx and posted on this website.

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**Question #8:** Will there be any other guidelines as far as qualifying for the deferral issued by OPM.

**Answer:** The guidelines are issued as eligibility requirements on the Application Forms. There will be no further guidance from OPM other than what is contained in this Frequently Asked Questions document. If you have specific questions, we encourage you to email [jennifer.gauthier@ct.gov](mailto:jennifer.gauthier@ct.gov) for clarifications.

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**Question #9:** Will there be multilingual forms?

**Answer:** At this time, no multilingual forms have been created. OPM is looking into this option.

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**Question #10:** Regarding Section 6(b)(ii), should this (reduced interest rate) option be chosen, it appears that any delinquency prior to April 1, 2020 needs to be recalculated as if it was 3% all along. In other words, all delinquent taxpayers who owed back taxes prior to March 10th now have a three month window where they can save 15% interest per annum on their delinquent taxes if they pay principal and only 3% interest per annum (and costs) by July 1st. Is this correct?

**Answer:** No. Interest accrued through March 31st stands as is. The reduced interest rate (.25% per month) is only for the months of April, May and June 2020. On July 1, 2020 any unpaid tax will be subject to 1.5% per month, AND interest will revert to 1.5% for those three months of April, May and June 2020. If a payment was not made in those three months, the taxpayer does not receive the advantage of the lower interest rate.

**Question #11:** When using the low interest program, on October 4th, does interest reverts to 1.5% per month if not paid?

**Answer:** On October 2, 2020 the interest reverts to 1.5% per month on any tax balance from the due date of July 1, 2020. In this scenario, interest as of October 2, 2020 would be 6%.

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**Question #12:** Regarding the 3% interest rate for bills payable by (last day to pay) - if it goes with the bills due on July 1<sup>st</sup>, does that include the entire month of July, or on July 2<sup>nd</sup> does the interest goes back to 1.5% per month?

**Answer:** Executive Order 7S was clarified to change “90 days” to “3 months” in Executive Order 7W. Interest is calculated on the 1st day of each month except in a grace period. For the deferment option, normal interest will be charged on October 2, 2020 from the original due date of July 1, 2020, which is 6%. For the lower interest option, regarding any delinquent bills that existed as of April 1, 2020, the last day to take advantage of the lower interest rate is June 30, 2020. On July 1, 2020, interest will be back to 1.5% for April, May and June and now July. On current bills due on July 1, 2020, the last day to take advantage of the lower interest will be September 30, 2020. On October 1, 2020 interest gets calculated at 1.5 % per month and the interest for July, August, and September reverts to 1.5%.

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**Question #13:** Is the July 90 days deferred program for the July 1, 2020 taxes due date in effect for every town or just the towns that elect the deferment program?

**Answer:** Just the towns that adopt the deferment program. Those that have adopted this program must notify OPM of their choice no later than April 25, 2020.

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**Question #14:** Are the GL 2019 bills due on July 1<sup>st</sup> and the grace period moved to October 1<sup>st</sup> for everyone or just for the towns selecting deferment?

**Answer:** No, just the Towns that selected the deferment option. The due date remains July 1 but the ‘last day to pay’ is moved to October 1, 2020 instead of August 3, 2020. The grace period is extended or deferred.

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**Question #15:** Is there a deadline for filing? If you get beyond July 1st, into July or August, and someone wants to apply do they still get the deferral and or interest depending on what the town has decided?

**Answer:** No, the deadline to apply for deferral is July 1. No application required for the interest option. After July 1, no taxpayer can apply for the deferred/extended grace period.

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**Question #16:** Executive Order 7S says we must choose one or both programs. Why couldn't we choose both but for different kinds of taxes? For instance, have the deferral be for either delinquent taxes, or for the current installment; or have the deferral be only applicable for real estate?

**Answer:** The Executive Order does not allow different programs for different kinds of taxes.

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**Question #17:** Will a bill added through a Certificate of Correction fall under the same category of bill due date? Technically, it is not a new bill, but a newly added bill for us.

**Answer:** Technically, it is a new bill if it was not on the original grand list filed by the Assessor. At this point, treat it as such and they only have 30 days to pay from the date you mail it. The Executive Order refers to bills due on or before July 1, 2020.

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**Question #18:** If someone makes partial payments in April, May and June, and still owes \$1,000.00 on the balance as of 7/2/2020, does the balance need to have 1.25 X 3 months added back into the interest rate to get it back to 18% per annum?

**Answer:** No. The intent of the lower interest rate program is to give taxpayers a chance to reduce their debt at a lower rate. The Town will not get the interest back that was reduced. The Town will get all the normal interest that accrued through March 31st. The interest rate of .25% is for April, May and June 2020 only, and ONLY if payments are made. After July 1, 2020, interest will go back to 1.5% per month on all delinquent accounts back to April 1, 2020. On July 1, 2020, interest for those past three months will no longer be reduced and should be set back to 1.5 % as if the program never existed.

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**Question #19:** The order states that the town is required to choose one option or both. Does the Town have the option to adopt **neither**?

**Answer:** No. Every Municipality must choose one program or the other, or both: but not none.

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**Question #20:** Can a town choose to apply an option to only certain taxes or must all be included? Page 1, Paragraph 5 says any tax “can” be covered. For example, can a town choose to have either program just apply to real estate and exclude all other tax types?

**Answer:** The Town’s options are one program, the other program, or both. A town cannot distinguish and apply to only segments of the grand list - it is for all taxes as well as water, sewer, and electrical charges and assessments including C-PACE assessments.

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**Question #21:** On page 8 of EO 7S, the last sentence of the third paragraph is very confusing. It seems to contradict previous statements - "A tax due on 7/1/2020, however, would remain entitled to the normal one-month grace period which would apply normally (or 30 days for a sewer charge)". Does the 90 days apply to the 7/1/2020 payment or not?

**Answer:** Both options include any bill due between April 1, 2020 and including July 1, 2020. The 90-day extended grace period (3 months) WILL apply for the July 1, 2020 installment.

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**Question #22:** Sewer Assessments are neither a tax nor a sewer utility. They are 20-year assessments that the town has bonded for and must continue to pay. Would they fall under the "other kinds of municipal assessments" that are exempt?

**Answer:** No, sewer assessments are included to the extent installments are due between April 1 and July 1, 2020 (both programs) or were delinquent as of April 1, 2020 (low-interest program).

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**Question #23:** Is the Application form customizable? Can a municipality use the OPM application as a guide and add items to it (i.e. stipulations of their own and/or what type of verifiable proof residents would need to submit with their applications)?

**Answer:** The Office of Policy and Management M-COVID19 application form should be used. It should be altered only to the extent the town chooses to expand eligibility to other categories of taxpayers, businesses, nonprofits and residents. Acceptable proof of residency or ownership may be determined at the local level and is not required to be listed on the form.

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**Question #24:** The deadline for applications is July 1, 2020. The April 1st installment is already due. We are required to notify OPM what option we are choosing by April 25, 2020. Do you see the administration nightmare of this option for quarterly towns?

**Answer:** The timing of the application process for Quarterly towns is not ideal, but the Public Health Emergency was not placed into effect until March 10th and there was little time between that date and the date of EO 75 to get the initiative in place.

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**Question #25:** Do you know if a municipality can offer both programs but the interest one through 6/30/2020 and the deferral program for the July installment only?

**Answer:** No, that cannot be done. Both options include anything due between April 1 and up to and including July 1. A municipality can choose to offer either or both. But they cannot offer one for one time period and one for the other.

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**Question #26:** I want to know if my town goes with the lower interest rate does that mean a 2017 bill would need to be recalculated at .25% interest rate if paid between 4/1 and 7/1? Or is it that the lower interest rate starts as of 4/1?

**Answer:** The latter. If the lower interest program is adopted, any delinquent payments made on or after April 1st can be charged only .25 % interest. In May, interest will be .25% on all delinquents, and then again in June, through June 30 only .25% interest can be charged. All accrued delinquent interest remains intact. For example, as of March 31, 2020 for the 2017 bill that was due July 1, 2018, accrued interest was 31.5%. If someone made a payment on that account in April 2020, you could only add on .25% interest to the 31.5% interest balance. The same would go for May and June. For any accounts remaining unpaid on July 1, 2020, the interest is then 1.5% for that month, and at that time, the prior three months (April, May and June) all revert to 1.5% per month. It will be as if the program had never existed. The low interest program does not alter interest charges that had already accrued through March 31, 2020, no matter what is paid afterward.

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**Question #27:** Do you have to be a resident of the town the property is in?

**Answer:** No. However, landlords have certain additional eligibility requirements which are explained in OPM's Guidance.

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**Question #28:** Do landlords have to give you a list of tenants so you can verify rents not paid?

**Answer:** A municipality can choose to require this.

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**Question #29:** Will we be getting samples of legislation that may be used by the towns in drafting their own legislation?

**Answer:** OPM does not currently expect to create a sample, but there is no special format. Jennifer Gauthier at OPM has been collecting Resolutions that have been adopted. If you would like to see samples that have been collected, please email her directly at [jennifer.gauthier@ct.gov](mailto:jennifer.gauthier@ct.gov).

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**Question #30:** Landlords are the concern at this point. Another EO (7X-1b & 1c) states residential landlords must give 60 days' more time on rents due for April and May. Would that be enough to not require the application for deferment as required by EO Section 6 EO 7S Section c?

**Answer:** Yes, this does make landlords eligible for both programs, with two important caveats. First, EO7X only gives rent extensions for residential leases, so a commercial property's landlord would still need to make the eligibility showing. Second, the Deferment Program requires that the showing be made in writing, so the landlord would need to at least send the Tax Collector an email confirming compliance with EO7X or some other evidence of eligibility.

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**Question #31:** Can you please show us how the interest will work?

<b>EXAMPLES OF BOTH OPTIONS</b>			
<b><u>OPTION A: DEFERRAL (90 DAYS TO PAY)</u></b>			
<b>BILL:</b>	\$10,000	DUE JULY 1, 2020 PAY BY OCTOBER 1, 2020	
		JULY	NO INTEREST DUE
		AUGUST	NO INTEREST DUE
		SEPTEMBER	NO INTEREST DUE
	\$600.00	2-Oct-20	6% INTEREST DUE
<b>DUE IF NO PAYMENTS MADE:</b>	\$10,600		
<b><u>OPTION B: REDUCED INTEREST</u></b>			
<b>NEW BILL:</b>	\$10,000	DUE JULY 1, 2020 PAY BY AUGUST 3, 2020	
		JULY	NO INTEREST IF PAID THIS MONTH
	\$25.00	JULY INTEREST	.25% INTEREST JULY
	\$25.00	AUGUST INTEREST	.25% INTEREST FOR AUGUST
	\$50.00	Tuesday, August 4, 2020	.50% INTEREST TOTAL
<b>DUE AUGUST 4, 2020</b>	\$10,050.00		
	\$25.00	1-Sep-20	.25% INTEREST DUE
<b>IF NO PAYMENTS MADE DUE ON SEPT 1ST</b>	\$10,075.00		
	\$600.00	1-Oct-20	6% INTEREST DUE (1.5% X 4 MONTHS)
<b>IF NO PAYMENTS MADE DUE ON OCT 1ST</b>	\$10,600		
<b>DELINQUENT BILLS:</b>	<b>TAX</b>	<b>INTEREST</b>	<b>EXPLANATION</b>
<b>2018GL MVS DUE 1-1-20</b>	1,000.00	45.00	accrued interest thru 3-31-20 (4.5%)
		2.50	April interest .25%
		2.50	May interest .25%
		2.50	June interest .25%
If paid by June 30th total due \$ 1052.50	1,000.00	52.50	total interest for June payoff
		15.00	July interest 1.5%
		45.00	now April May & June (4.5%)
		45.00	plus accrued interest thru 3-31-20
if paid on July 1st total due \$ 1105.00	1,000.00	105.00	all interest 1.5% from 1-1-20
			7 months or 10.5% as normal
<b>Delinquent Bills with partial payments:</b>	<b>TAX</b>	<b>INTEREST</b>	
<b>2018GL MVS due 1-1-20</b>	1,000.00		
\$ 200.00 payment on April 15th	(152.50)	(45.00)	accrued interest thru 3-31-20 (4.5%)
Balance \$ 847.50		(2.50)	interest for April (.25%)
\$ 200.00 payment on May 15th	(197.88)	(2.12)	interest for May (.25%)
Balance \$ 649.62			
\$ 200.00 payment on June 15th	(198.38)	(1.62)	interest for June (.25%)
Balance due \$ 451.24			
\$ 200.00 payment on July 15th	(193.23)	(6.77)	Interest for July (1.5%)
Balance due \$ 258.01			and so on.

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**Question #32:** On Page 3 of EO 7S Guidance Document, second from last paragraph, it clearly states in BOLD letters **“The EO also addresses past due charges that were already delinquent on March 10, 2020. If a bill was already delinquent on or before March 10, 2020, it shall be subject to .25% per month, 3% per year interest for a period of 90 days from the EO (until July 1, 2020) only. For the time period from April 1, 2020 to July 1, 2020, the delinquent taxpayer pays .25% per month or portion thereof instead of the normal 1.5% per month- but ONLY on those last three months and only if they are making a payment.”**

**Answer:** Correct. The Deferment Program has no impact at all on any taxes or charges due before April 1, 2020. The Low-Interest Program says that any tax or charge that was already delinquent on April 1, 2020 will accrue interest at the rate of 0.25% per month in April, May, and June 2020 to the extent paid during those months. After July 1, 2020, interest at the usual rate of 1.5% per month is retroactively due on all delinquencies not paid by that day. Also, interest (at the usual rate of 1.5% per month) which had already accrued through March 31, 2020 (before April 1) remains fully payable whether the amounts are paid during that window or not.

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**Question #33:** If WPCA bills are due January 1 for residential customers and March 1 for commercial customers and the WPCA is a separate entity from the Town. These are concerns to be addressed:

- 1) Does WPCA have to choose one of the two programs offered, i.e. the Deferment Program or the Low Interest Rate Program since they are separate from the Town?
- 2) Would WPCA be affected at all with the above due dates if they choose the Deferment Program?

- 3) Would WPCA be affected at all with the above due dates if they choose the Low Interest Rate Program?

**Answer:** The Executive Order says that the decision of the town's board of selectmen is binding on all water and sewer charges, so the WPCA cannot select its own program. The WPCA may be its own entity, but state law says it gets its authority by virtue of being the town's designee.

The deferment program only applies only to charges due April 1 through July 1, inclusive, so the ones you're describing would not be impacted if the town chooses that program. However, the low interest program (the other option) *does* apply to charges delinquent as of April 1, as the March 1 and January 1 charges you inquired about would be.

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**Question #34:** When choosing the lower interest option of .25 % per month, we can still charge the minimum interest, right?

**Answer:** No, the Executive Order overrules those statutes therefore the minimum interest charge of \$2.00 for taxes (in C.G.S. § 12-146) and \$5.00 for sewer assessments (in C.G.S. § 7-254) should not be applied if they would result in a higher interest charge than the EO would allow which is .25% per month. Check with your individual software vendors on how to navigate that. QDS users can control that in the mill rate table.